

**MINUTES**  
**City of Newport Planning Commission**  
**Work Session**  
**Newport City Hall Conference Room 'A'**  
**Monday, January 28, 2013**

**Planning Commissioners Present:** Glen Small, Mark Fisher, Rod Croteau, Jim McIntyre, and Gary East.

**Planning Commissioners Absent:** Jim Patrick and Bill Branigan (*both excused*).

**Citizens Advisory Committee Members Present:** Suzanne Dalton.

**Citizens Advisory Committee Members Absent:** Lee Hardy and Bob Berman (*both excused*).

**City Staff Present:** Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

In the absence of the Chair, Vice-Chair Small called the Planning Commission work session to order at 6:00 p.m. and turned the meeting over to CDD Tokos.

**A. New Business.**

1. Conceptual framework for workforce housing initiative. Tokos noted that the Commission had put time into the housing needs study and recommendations. One top priority was to put in a land bank where the City would make property available for housing for those between 60 and 120 percent of median family annual income. That was also a City Council goal. Tokos said that what this concept has is a recommendation on how to put that land bank in place. This is something that has been discussed with the Land Trust, the Community Services Consortium, and Lincoln County; and all of them are on board at this point. The City will contract with the Land Trust. It will be a five-year contract for construction of at least six units. They will be owner-occupied. The Land Trust model is that once the unit is built, the home is sold to a buyer. The land is put into a 99-year renewable lease controlled by the Land Trust. That program is uniquely suited for the City's objectives. If the City is giving away property out of our inventory, we want to make sure it will be available for affordable housing. Tokos noted that the Land Trust is relatively young. He is one of the board members. There are three units in Lincoln City at this point. There was federal money available for acquisition of properties in distressed areas, and Lincoln City was identified as distressed. Those funds are no longer available. This program would effectively be a contract with the Land Trust. Because of the Trust's age, there would be a backup intergovernmental agreement with CSC. CSC covers a three-county area and provides staff resources to the Trust. As a backup guarantee, they would serve if the Trust was no longer able to act. The City would make the property available, and the Land Trust would be responsible for putting a house on that. The City has a revolving fund that would be available, which originated from the sale of city-owned property. This would be an on-going commitment. The language would say if we choose not to fund operating contributions to the Trust what the ramifications are to that. The Trust would put out for bid, and the work would be done by building contractors; and there is a private sector element as well.

Small noted that the City is putting in \$10,000, but asked if the other entities also are putting anything into these funds. Tokos said that right now the cities within the County contributed toward general operating expenses. On projects, the Land Trust is putting \$9-10 thousand a pop into these houses in terms of staff work. They would have the choice of either running into the sales price or using this money as general operating support. Tokos noted that this is flexible. Tokos has looked at the City's inventory to make sure we have enough properties. He noted that there are a number of sites; some would include site preparation work. Small asked what the process would be for choosing properties. Tokos said it would be vetted to the Planning Commission and the City Council.

McIntyre noted that this concept talks about a 99-year lease and wondered who is going to be making the lease payments. Tokos said it would be the home buyer, but the lease would be pretty small at something like \$100 a month. McIntyre asked if the cost of the ground is being taken out of the cost of the building to keep the price down, and Tokos confirmed that was the case. McIntyre had a question about who is sharing equity. Tokos thought that the shared equity concept has more to do with the land lease than to the home. When the home is sold, there are restrictions on how much of an increase they can sell the unit for. They would receive full benefit from the proceeds of the sale of the house. The owner gets all equity in the house. McIntyre noted that the lender usually shares a portion of equity as payment for taking a risk of holding the contract. Tokos said he can get additional details on how that works.

Fisher asked about the SDCs, and Tokos said that we have no capacity to waive that.

Dalton asked about the timeline. Tokos said there would be six units over a 5-year period. They hope to have the agreement in place over the next couple of months. The Trust serves the entire county. They are trying to get one in Toledo. There should be an average of one unit every ten months.

East mentioned the Aqua Vista development in Yachats that is similar to this. Tokos said that was under a planned development, and the Trust didn't want to tackle that at this point.

Tokos noted that these homes are for anybody in the community that falls within the 60-120% median family income. By itself, this is not enough homes to support the needs of Newport.

Croteau said that he assumed the Trust already has selection procedures in place for the dwelling. He wondered if the price is going to be set or competitive for a group of people. Tokos said the price will be set depending on the parcel and how it is developed. That will be brought forward to the Council. The price will be set when the Trust goes out looking for a contractor. Croteau noted that this is restricted to median income for qualified buyers, but wondered if it is like any other real estate financing; first come first served. Tokos said that buyers go through a home-buyer educational course. Income requirements are verified. There is legal review of the lease with the buyer. The Trust is responsible for overseeing the sale of the property. He noted that the Trust is to the point of having three properties under development and have a pretty good model going. They also borrow from a large land trust in the Portland area.

Small wondered, after a house is built and the initial owner decides to sell, how we make sure the next purchaser falls under those qualifications. Tokos said he believes that is in the purchase agreement initially. He can bring back additional information on that in terms of future buyers. Fisher said that part of it would be that how much they can sell for will dictate keeping it in this income level. Small said that this house would be sold below market value, and who wouldn't like to buy at that level. He said there should be something saying that future buyers have to have income within those marks. McIntyre agreed that the framework will have to guarantee that. Tokos said those guarantees are in place, and he will have to bring that to the Commission.

East said that in the past, the Commission has talked about City fees and prorating to the size of the house on a square footage basis to control costs. He wondered if we could talk about that again. Fisher noted that SDCs are expensive right now. Tokos said that SDCs for a single-family home are \$10,600 now; but that is not the total development cost. It is about \$17,000-\$18,000 when looking at a water meter, the school construction excise tax, etc. The capital projects SDCs are intended to fund are expensive too. Croteau said it sounds like something the City should do.

Tokos said he will bring back details in terms of how the sales agreement works for buyers and what exactly guarantees future buyers will be in that 60-120% median so the City's objectives are guaranteed to go forward in years to come.

Small said he could image a great waiting list of potential buyers and wondered how they will be qualified. McIntyre said there would have to be some restrictions to prevent people from speculating and turning around and renting the houses. Small noted that it is owner-occupied. Fisher said that HUD essentially requires the owner to live there a year. Tokos said the Trust has experience to date with one sold unit, one on the market, and one almost finished. They haven't had huge lists. It could be lack of familiarity. It's not a conventional sale. They can't sell at market rate. They don't own the land; they own only the house. They are restricted on the resale. That does away with speculation. Those within the 60-120% MFI can't afford anything else. This is the only way they can get a house of that size in that type of price range. East wondered if there would be a certain square footage or number of bedrooms requirement. Tokos said that is why he left it as units. Depending on the properties, they might be more suitable for duplexes. McIntyre asked if they could be condominiums, and Tokos said potentially; but not likely. Based on what we have in inventory, they will be more single-family or duplex type development. McIntyre wondered how you establish ownership on a duplex, and Tokos said common wall. Fisher said they would be more of a townhouse. Tokos said they would have to bring those proposals before the Planning Commission. McIntyre asked if they open bids to builders, and Tokos confirmed that.

Dalton said that she is imagining lessons could be learned from other communities and is imagining connecting with them. She asked that as things come up, if Tokos will alert the Commission to those things.

Tokos said that the way this arrangement is set up, the Planning Commission and City Council review proposals brought forward by the Trust consistent with the housing agenda. Goals were put in place in terms of long term affordability. McIntyre wondered who would be vetting the builders and their proposals, and Tokos said that would be the Trust. McIntyre wondered if the Trust would develop a list of approved contractors. Tokos said they have to be licensed; other than that, it's a competitive bidding process. Fisher wondered why individuals couldn't do the construction themselves. Tokos said having the Trust overseeing the construction is a way to insure the final sales price is consistent with the targeted range of 60-120% MFI. The Trust has to be very selective on what materials they select in order to hit that price range. Someone building to suit

might go with custom cabinets that don't fit within the price range. The Trust has the land long term and is involved and has the relationships to make sure contractors are using long-term products.

Small wondered if the Trust selects the floor plans; and Tokos confirmed that they do. The buyers come in when the house is finished and get a finished product. Small asked if contractors are building an established set of plans. Tokos said there may be some flexibility in floor plans submitted. East agreed it has to be flexible. He said construction costs will influence the cost of the house and the size. There has to be a lot of flexibility until they have done it long enough that they know a certain square foot set of plans will meet that price range. McIntyre said he thought the Trust staff will be looking at plans and sees the type of house they can build and then gets bids on that once a house is designed; then builders build to that design. Tokos said it is the role of the Trust staff to have enough detail that they are comfortable it will work on that site.

Croteau wondered who would manage the revolving fund. Tokos said they would make that request to the City Council. Then it is paid back on the sale of the house.

Small noted that this mentions employee families, but he asked what about the retired or the disabled. He wondered if there was a definition of workforce housing. Tokos said that he didn't know if we pinned that down that tight in the City's policies. He said that to the extent we define that, we want to be consistent with what we did in the policies. He can take a look at that. Fisher wondered if it had to be the gainfully employed. The disabled would qualify but are not in the workforce. Tokos said that he doesn't recall defining workforce, but just targeting it at the 60-120% MFI.

Tokos said that he can bring some additional information about shared equity, how this plays out for future buyers, and if this is for anybody or more targeted to the workforce. Tokos asked, and the Commissioners said that they think that the framework looks okay.

2. Summary Building/Land Use Activity (2012). Tokos had provided an overview of what was done in the last year and where things stand. At the next meeting, he would like to do an update of the actual work program as we did in the past so that we can have goals conversation. The City Council will set goals later in February. Tokos noted that in terms of permit traffic, building permits were up a little over last year. Electric permits were up considerably. Plumbing permits were down. Construction value was down. Land use actions were on par. The increase in land use fees were still going through the 4-year phase-in, so that is why they were quite a bit higher. The memo includes charts showing land use reviews and building permits over the last 10 years. 2008 and 2009 were tough on building; and 2012 was not so bad. Land use reviews were on the lower end. There were fourteen single-family dwelling permits in each of the last two years, which is relatively modest. There were a fair amount of industrial construction; with research and institutional, such as NOAA, Aquarium Science, Port of Newport; and LCSD. Commercial construction has been pretty steady with renovations; with the bigger ones being Walmart, and Fred Meyer. Commercial looks like it will continue. Walgreens went out last year in December. Safeway will be doing a renovation and are looking to start construction toward the end of March. They are locked in a lease and are confined to the existing footprint.

Dalton noted that sometimes Safeway and Fred Meyer do gas stations; but not in Newport. Tokos noted that Fred Meyers tried to find a location. It is just a lack of sites. Safeway hasn't talked to the City yet. Tokos noted that Umpqua Bank is planning to submit plans to rebuild where the bank burned down. They anticipate having plans in February. O'Reilly Auto Parts already submitted plans are in review. They are waiting for the structural fill next door to be done first. Small wondered if any of these would lead to something coming before the Planning Commission. Tokos said these are all pretty straight-forward unless there is something like an exception or adjustment to parking or structure height. Tokos noted that the Teevin Brothers Log Yard is moving forward, which is one of the largest industrial developments we've seen in a long time. Residential will probably remain pretty steady as it has been.

Tokos noted that the Teevin development is controversial. There are folks that either want to see it or those that don't. Fisher noted that their operation is an outright use for that facility. He said that when he was on the Port Commission, there was a log yard there. Because the port dock went upside down, they left; and it hasn't been used for a while. Tokos noted that Teevin will be subject to a DEQ permit. They have a \$300,000 investment in a storm drainage system to deal with that. He said that everything associated with their project is located upland; there is nothing in the Bay. Tokos talked about the debarking operation. He said it is noisy, but will be set back and will adhere to the noise ordinances. Tokos said that Teevin has their Traffic Impact Analysis (TIA) in with the City. We are requesting additional information. It is in the public comment period, and he is getting lots of letters; but a lot have nothing to do with the criteria. He said there is a very high chance that the Planning Commission will see an appeal on this. He received a request for appeal forms before this even hit the streets. The Commission may have multiple TIAs to look at. Fisher talked about the log operation that was there before.

Fisher asked about the sign code amendments that the Commission went through and passed on to the Council. He wondered in the end how much different the ordinance was than what the Commission came up with, and Tokos said not materially

different. He said that there was a big debate by the Council whether to consider it at all, whether electronic message signs make sense, and dealing with sign massing along the highway. The majority thought it was fine. There was just some cleanup.

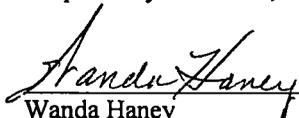
Tokos went over the legislative items shown on the back of his memo. He said that it was a pretty productive year in terms of legislative actions. We wrapped up things that had been in process for multiple years; like the TSP, of which the County is still working on their piece. That had been some 5-6 years in the works. The VRD and B&B update is complete and is being implemented. Most units have been inspected. There have been a lot of corrections in terms of people addressing safety issues. That was positive. Tokos said we have 85 or so endorsement applications. The companies associated with rentals are all tuned in with it. The Economic Opportunity Analysis was finished on phase 1. We are working with the TAC on wrapping up the recommendation for the upcoming budget for the business recruitment/retention position. The Tree City ordinance was accomplished. The Parks Department submitted the application. Coho/Brant was completed and was rolled into the submittal to ODOT for the STIP project that involves the intersection at 35<sup>th</sup> and cleanup of Ferry Slip. Tokos said it looks like we will get that funding from ODOT to help with the Urban Renewal funds. \$1.5 million came out of Urban Renewal. The modification of the zoning ordinance that we have been working on for years was finally taken care of.

Tokos noted that ongoing legislative initiatives include the amendments that the Planning Commission will consider tonight in regular session to clean up the rules for UGB expansion. Then there will be the UGB expansion itself. The city-wide erosion control has gone slowly. Tokos is not sure we have the capacity in the building department to implement that. He said that stormwater could go in sync with that. He said it is still a priority.

Tokos said issues for the coming year include annexation strategy for South Beach industrial areas, concepts for formation of a north-side Urban Renewal Area district that will probably be budgeted by the City Council in the upcoming year and with which the Planning Commission will have to get involved. There is the scheduled review of the Nye Beach Design Review Overlay. Assuming that the UGB expansion goes through, it will have to be annexed. The City Center is working on design guidelines. Tokos noted that the City just met with ODOT on the 25<sup>th</sup> to talk about bridge replacement. He said that discussion is just getting started; but the fact that they are on board to talk about it is a big deal. As mentioned earlier, we still have the park model issue out there. Development of standards for stormwater runoff is still out there as well. Tokos said that the Territorial Sea Plan may come up. He noted that plan amendments were approved by LCDC authorizing offshore development. It was a little more generous to the wave industry than the advisory committee wanted. But for Newport, because we secured the grid-connected test facility and have the non-grid-connected test facility, it doesn't look like we will see commercial deployment within the territorial seas (3 miles out).

**B. Adjournment.** Having no further discussion, the work session meeting adjourned at 7:00 p.m.

Respectfully submitted,

  
Wanda Haney  
Executive Assistant